

Welding on Both Sides

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Interviewpartner:

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It all started with a simple sillage grating, a casting that doesn't have many technical intricacies. Richard Hoberg, managing director of Guss-Ring, started from scratch when he entered the Chinese market. His company now a ten-man-operation, trades with forgings and castings and also works in consulting and business development.

"I knew we couldn't set our goals too high at the beginning", says Hoberg. When the company decided to take up business in China in 1998 the first thing we had to do was find a suitable partner. "It is almost impossible for a small company to be successful in such a different environment unless you have the support of somebody who helps you understand how things work", states Richard Hoberg. Nowadays, business with China accounts for almost one third of Guss-Rings' sales volume. 2000 Tons of castings in various forms made in China are supposed to reach Bielefeld, Guss-Rings domicile in Germany, this year alone.



This fast development is all due to a very close cooperation with a company in Qingdao called Golden-Ring. It is not only by coincidence that they have a similar name and a very similar company structure.

When Hoberg was looking for a business partner to make things easier he first contacted a state-run export and import company but wasn't totally satisfied. Meanwhile he received a call from Shixin Ren a foreman who was working as an appointee at another office at the time. Shixin Ren had

heard about the business, the German wanted to start. "Right from the beginning we were on similar wavelengths and in my opinion that's a prerequisite for any kind of successful business", says Hoberg. Very soon Ren and Hoberg agreed on a small project they would undertake together. The first delivery of sillage gratings however was not up to standard. "The quality was not good enough to meet the expectations of our customers. I think many salesmen would have rejected it. But I didn't want to disturb our relationship at that point." Says Hoberg. He paid for the goods and saw to the details of the bill later. "For me it was an investment and in the end it paid off." Meanwhile he had ordered the product from another factory in Europe to make sure he could provide his customers in time.

"My business partner Shixin had just not developed the awareness for quality control, yet", says Richard Hoberg. And Ren himself adds: "It took some time until I could meet the demands of German industry."

It was actually Hoberg who convinced him and Ren's sister Lina to start up their own business. Modeled on the German company Guss-Ring, Golden-Ring was founded. Both companies even share the same logo, a green G in a circle. "Guss cannot be used in Chinese or English, so that's why I chose Golden", says Ren. In addition it's also a radical in Ren's first name, so he thought it was quite fitting.

At the time Ren was 26 years old, he knew a lot about castings but not so much about running a business. Hoberg 45, had been in charge of Guss Ring for many years and had gained a lot of experience so he was able to support him.

"I'm very grateful, because I have learnt a lot from him", says Ren, who was asked if he even felt like Hoberg was a father figure to him, he grins and says: "No, but he's definitely like a big brother to me."

Of course the process of learning is not a one way thing. "I'm very impressed by how quickly people learn and how determined they are to do well", says Hoberg. "We understand each other



as translators of culture, which is very necessary for both of us." When in China - which is three to five times a year for at least a week each time - Ren shows his German business partner many foundries across the country. The other way around Hoberg introduces their customers to Ren when he is going to meet him in Bielefeld. "We work efficiently because I know what's happening in China and he knows what's going on in Germany", says Hoberg. Ren adds, "Because I know the German customers I know what they want and I can better satisfy their needs." They communicate everyday by email or phone and thanks to modern technology, it is possible to send three-dimensional drawings of required parts to build the necessary tools in China.

Today Golden-Ring has also introduced quality control ("German standards are being applied", Hoberg points out) in Qingdao at their warehouse. "This from my point of view is the most important step", says Hoberg, claims are very difficult to handle once the delivery has reached Europe after a six week sea transport period.

Currently Golden-Ring and Guss-Ring order quite complicated castings for automobile gears in China. "We're almost stretching the limit with this project but I'm optimistic we will be up to

standard." Says Hoberg. He gave up ordering products from other forgeries long ago. "We both depend on each other on a high level nowadays". "But it's okay as we trust each other" says Hoberg. Over all their business relationship has developed into a friendship. During his last visit to Germany Ren Shixin got the chance to ride a tractor. Hoberg lives in the German countryside and had to help out a neighbor, so he took his Chinese friend with him. "During our stays at each others places we naturally share lots of free time together and I find it very relaxing not to have to worry about where I'm going to have dinner or who is going to pick me up from the airport", says Hoberg. As the Chinese put it, "在家靠父母，出门靠朋友". At home rely on your family, abroad rely on your friends. ◀



Take time to find the right partner

There are a number of opportunities particularly for small and medium sized companies to start a business in China these days. Having a Chinese partner company can make things a lot easier as far as dealing with a foreign culture and market structure. A good example of this relationship is the Golden-Ring and Guss-Ring partnership as described above. "It's the same in many other industries", says Bernd Reitmeier. He advises companies to take their time to find a suitable partner. "It's important not to hurry and rush into things." This also applies to the expectations of the partnership. "Both sides have to be patient and should not expect big achievements right from the start. It requires time until the awareness for different understanding and handling of business is built up." Says Reitmeier.

The Compact disc "Markteintritt in die Volksrepublik China" cannot replace finding the right partner but at least it can make your start easier. It also offers information about companies who have already been successful in setting up a business in China. It can be ordered at the Delegation of German Industry & Commerce for 99,- Euro.

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